

**STATE FIRE AND TORNADO FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2006**

|                                      | June-06      |        |         |         |         | March-06     |        |         |         | December-05  |        |         |              | September-05 |         |        |        | Current   | Prior Year | 3 Years | 5 Years |
|--------------------------------------|--------------|--------|---------|---------|---------|--------------|--------|---------|---------|--------------|--------|---------|--------------|--------------|---------|--------|--------|-----------|------------|---------|---------|
|                                      | Allocation   |        | Quarter | Month   | Net ROR | Allocation   |        | Quarter | Net ROR | Allocation   |        | Quarter | Allocation   |              | Quarter | Net    | Net    | 6/30/2006 | 6/30/2006  |         |         |
|                                      | Market Value | Actual | Policy  | Net ROR |         | Market Value | Actual | Policy  |         | Market Value | Actual | Policy  | Market Value | Actual       | Policy  |        |        |           |            | Net ROR |         |
| LARGE CAP DOMESTIC EQUITY            |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Structured Growth                    |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Los Angeles Capital                  | 658,397      | 2.7%   | 2.8%    | -2.57%  | 0.29%   | 720,072      | 2.8%   | 2.8%    | 4.95%   | 739,668      | 2.9%   | 2.8%    | 3.06%        | 743,833      | 2.9%    | 2.8%   | 5.45%  | 11.12%    | 7.56%      | N/A     | N/A     |
| Total Structured Growth              | 658,397      | 2.7%   | 2.8%    | -2.57%  | 0.29%   | 720,072      | 2.8%   | 2.8%    | 4.95%   | 739,668      | 2.9%   | 2.8%    | 3.06%        | 743,833      | 2.9%    | 2.8%   | 5.45%  | 11.12%    | 7.56%      | 12.01%  | -0.32%  |
| Russell 1000 Growth                  |              |        |         | -3.90%  | -0.39%  |              |        |         | 3.09%   |              |        |         | 2.98%        |              |         |        | 4.01%  | 6.12%     | 1.68%      | 8.35%   | -0.76%  |
| Structured Value                     |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| LSV                                  | 702,576      | 2.9%   | 2.8%    | 1.25%   | 1.12%   | 745,568      | 2.9%   | 2.8%    | 6.54%   | 716,494      | 2.8%   | 2.8%    | 1.52%        | 748,966      | 2.9%    | 2.8%   | 5.06%  | 15.05%    | 18.35%     | 21.14%  | 12.22%  |
| Russell 1000 Value                   |              |        |         | 0.59%   | 0.64%   |              |        |         | 5.93%   |              |        |         | 1.27%        |              |         |        | 3.88%  | 12.10%    | 14.06%     | 15.70%  | 6.89%   |
| Russell 1000 Enhanced Index          |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| LA Capital                           | 1,286,517    | 5.2%   | 5.6%    | -2.36%  | 0.55%   | 1,336,252    | 5.2%   | 5.6%    | 4.96%   | 1,469,336    | 5.8%   | 5.6%    | 2.29%        | 1,485,614    | 5.8%    | 5.6%   | 6.45%  | 11.58%    | 7.93%      | N/A     | N/A     |
| Russell 1000                         |              |        |         | -1.66%  | 0.13%   |              |        |         | 4.49%   |              |        |         | 2.12%        |              |         |        | 3.95%  | 9.08%     | 7.92%      | N/A     | N/A     |
| S&P 500 Enhanced Index               |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Westridge                            | 1,513,366    | 6.2%   | 5.6%    | -1.40%  | 0.15%   | 1,556,459    | 6.1%   | 5.6%    | 4.26%   | 1,528,392    | 6.0%   | 5.6%    | 2.10%        | 1,438,400    | 5.6%    | 5.6%   | 3.64%  | 8.77%     | 6.58%      | N/A     | N/A     |
| S&P 500                              |              |        |         | -1.44%  | 0.14%   |              |        |         | 4.21%   |              |        |         | 2.09%        |              |         |        | 3.60%  | 8.63%     | 6.32%      | N/A     | N/A     |
| Index                                |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| State Street                         | 468,031      |        |         | -0.58%  | 1.06%   | 477,316      |        |         | 4.19%   | 469,006      |        |         | 2.07%        | 476,528      |         |        | 3.58%  | 9.51%     | 6.27%      | 11.47%  | 2.62%   |
| Total Index                          | 468,031      | 1.9%   | 1.9%    | -0.58%  | 1.06%   | 477,316      | 1.9%   | 1.9%    | 4.19%   | 469,006      | 1.8%   | 1.9%    | 2.07%        | 476,528      | 1.8%    | 1.9%   | 3.58%  | 9.51%     | 6.27%      | 11.47%  | 2.62%   |
| S&P 500                              |              |        |         | -1.44%  | 0.14%   |              |        |         | 4.21%   |              |        |         | 2.09%        |              |         |        | 3.60%  | 8.63%     | 6.32%      | 11.22%  | 2.49%   |
| TOTAL LARGE CAP DOMESTIC EQUITY      | 4,628,887    | 18.8%  | 18.8%   | -1.39%  | 0.51%   | 4,835,667    | 19.0%  | 18.8%   | 4.88%   | 4,922,897    | 19.3%  | 18.8%   | 2.20%        | 4,893,341    | 19.0%   | 18.8%  | 4.97%  | 10.95%    | 8.89%      | 13.63%  | 3.95%   |
| S&P 500                              |              |        |         | -1.44%  | 0.14%   |              |        |         | 4.21%   |              |        |         | 2.09%        |              |         |        | 3.60%  | 8.63%     | 6.32%      | 11.22%  | 2.49%   |
| SMALL CAP DOMESTIC EQUITY            |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Manager-of-Managers                  |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| SEI                                  | 1,529,485    | 6.2%   | 6.3%    | -5.84%  | -0.45%  | 1,660,016    | 6.5%   | 6.3%    | 13.24%  | 1,648,553    | 6.5%   | 6.3%    | 0.98%        | 1,623,974    | 6.3%    | 6.3%   | 5.49%  | 13.58%    | 9.32%      | 18.20%  | 7.84%   |
| Russell 2000 + 200bp                 |              |        |         | -4.54%  | 0.81%   |              |        |         | 14.49%  |              |        |         | 1.64%        |              |         |        | 5.21%  | 16.86%    | 11.64%     | 21.06%  | 10.38%  |
| TOTAL SMALL CAP DOMESTIC EQUITY      | 1,529,485    | 6.2%   | 6.3%    | -5.84%  | -0.45%  | 1,660,016    | 6.5%   | 6.3%    | 13.24%  | 1,648,553    | 6.5%   | 6.3%    | 0.98%        | 1,623,974    | 6.3%    | 6.3%   | 5.49%  | 13.58%    | 9.32%      | 18.20%  | 7.86%   |
| Russell 2000                         |              |        |         | -5.02%  | 0.64%   |              |        |         | 13.94%  |              |        |         | 1.13%        |              |         |        | 4.69%  | 14.58%    | 9.45%      | 18.70%  | 8.50%   |
| INTERNATIONAL EQUITY                 |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Large Cap - Active                   |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Capital Guardian                     | 986,437      | 4.0%   | 4.0%    | -2.84%  | 0.26%   | 1,031,015    | 4.0%   | 4.0%    | 7.20%   | 1,160,662    | 4.6%   | 4.0%    | 9.66%        | 1,085,458    | 4.2%    | 4.0%   | 12.14% | 28.07%    | 10.32%     | 20.99%  | 6.90%   |
| LSV                                  | 951,521      | 3.9%   | 4.0%    | -1.56%  | -3.14%  | 1,070,900    | 4.2%   | 4.0%    | 11.23%  | 1,030,671    | 4.0%   | 4.0%    | 4.34%        | 1,093,543    | 4.2%    | 4.0%   | 11.25% | 27.09%    | N/A        | N/A     | N/A     |
| Total Large Cap - Active             | 1,937,958    | 7.9%   | 8.0%    | -2.17%  | -1.48%  | 2,101,915    | 8.2%   | 8.0%    | 9.20%   | 2,191,333    | 8.6%   | 8.0%    | 6.99%        | 2,179,002    | 8.5%    | 8.0%   | 11.70% | 27.66%    | 13.23%     | 21.92%  | 12.63%  |
| MSCI EAFE - 50% Hedged               |              |        |         | -1.29%  | 0.67%   |              |        |         | 9.20%   |              |        |         | 5.84%        |              |         |        | 11.07% | 26.72%    | 14.41%     | 22.56%  | 6.89%   |
| Small Cap - Value                    |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Lazard                               | 238,798      | 1.0%   | 1.0%    | -1.58%  | -0.81%  | 276,067      | 1.1%   | 1.0%    | 10.94%  | 257,362      | 1.0%   | 1.0%    | 3.01%        | 261,367      | 1.0%    | 1.0%   | 9.94%  | 23.65%    | 18.18%     | 28.06%  | N/A     |
| Citigroup Broad Market Index < \$2BN |              |        |         | -3.13%  | -2.20%  |              |        |         | 9.34%   |              |        |         | 8.94%        |              |         |        | 12.05% | 29.28%    | 21.33%     | 32.40%  | N/A     |
| Small Cap - Growth                   |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Vanguard                             | 239,379      | 1.0%   | 1.0%    | -1.88%  | -2.15%  | 266,872      | 1.0%   | 1.0%    | 13.70%  | 265,728      | 1.0%   | 1.0%    | 4.92%        | 264,449      | 1.0%    | 1.0%   | 10.41% | 29.24%    | 24.11%     | 32.39%  | N/A     |
| Citigroup Broad Market Index < \$2BN |              |        |         | -3.13%  | -2.20%  |              |        |         | 9.34%   |              |        |         | 8.94%        |              |         |        | 12.05% | 29.28%    | 21.33%     | 32.40%  | N/A     |
| TOTAL INTERNATIONAL EQUITY           | 2,416,136    | 9.8%   | 10.0%   | -2.18%  | -1.57%  | 2,644,855    | 10.4%  | 10.0%   | 9.83%   | 2,714,424    | 10.6%  | 10.0%   | 6.40%        | 2,704,818    | 10.5%   | 10.0%  | 11.40% | 27.35%    | 15.34%     | 23.83%  | 8.67%   |
| MSCI EAFE - 50% Hedged               |              |        |         | -1.29%  | 0.67%   |              |        |         | 9.20%   |              |        |         | 5.84%        |              |         |        | 11.07% | 26.72%    | 14.41%     | 22.56%  | 6.89%   |
| DOMESTIC FIXED INCOME                |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Core Bond                            |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Western Asset                        | 4,718,677    | 19.2%  | 18.3%   | -0.34%  | 0.23%   | 4,776,072    | 18.7%  | 18.3%   | -0.44%  | 4,847,057    | 19.0%  | 18.3%   | 0.28%        | 4,793,214    | 18.6%   | 18.3%  | -0.41% | -0.90%    | 7.14%      | 7.36%   | 8.59%   |
| Lehman Aggregate                     |              |        |         | -0.08%  | 0.21%   |              |        |         | -0.65%  |              |        |         | 0.59%        |              |         |        | -0.67% | -0.81%    | 6.80%      | 2.05%   | 4.97%   |
| Index                                |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Bank of ND                           | 4,257,107    | 17.3%  | 18.3%   | -0.03%  | 0.24%   | 4,275,151    | 16.8%  | 18.3%   | -0.95%  | 4,360,962    | 17.1%  | 18.3%   | 0.56%        | 4,431,784    | 17.2%   | 18.3%  | -0.72% | -1.14%    | 4.59%      | 1.14%   | 4.90%   |
| Lehman Gov/Credit (1)                |              |        |         | -0.14%  | 0.23%   |              |        |         | -1.01%  |              |        |         | 0.60%        |              |         |        | -0.96% | -1.52%    | 4.80%      | 1.04%   | 4.78%   |
| BBB Average Quality                  |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Wells Capital (formerly Strong)      | 4,710,855    | 19.2%  | 18.3%   | -0.63%  | 0.10%   | 4,760,079    | 18.7%  | 18.3%   | -1.02%  | 4,836,969    | 19.0%  | 18.3%   | 0.58%        | 4,738,788    | 18.4%   | 18.3%  | -1.05% | -2.11%    | 9.14%      | 2.63%   | N/A     |
| Lehman US Credit BAA                 |              |        |         | -0.60%  | 0.16%   |              |        |         | -1.20%  |              |        |         | 0.39%        |              |         |        | -0.97% | -2.37%    | 8.60%      | 2.63%   | N/A     |
| TOTAL DOMESTIC FIXED INCOME          | 13,686,639   | 55.7%  | 55.0%   | -0.33%  | 0.20%   | 13,811,302   | 54.2%  | 55.0%   | -0.79%  | 14,044,988   | 55.1%  | 55.0%   | 0.46%        | 13,963,786   | 54.2%   | 55.0%  | -0.73% | -1.39%    | 6.14%      | 6.59%   | 7.79%   |
| Lehman Aggregate (2)                 |              |        |         | -0.08%  | 0.21%   |              |        |         | -0.65%  |              |        |         | 0.59%        |              |         |        | -0.67% | -0.81%    | 7.26%      | 1.84%   | 5.28%   |
| CASH EQUIVALENTS                     |              |        |         |         |         |              |        |         |         |              |        |         |              |              |         |        |        |           |            |         |         |
| Bank of ND                           | 2,318,442    | 9.4%   | 10.0%   | 1.26%   | 0.42%   | 2,547,454    | 10.0%  | 10.0%   | 1.17%   | 2,162,342    | 8.5%   | 10.0%   | 1.07%        | 2,583,678    | 10.0%   | 10.0%  | 0.93%  | 4.50%     | 2.46%      | 2.71%   | 2.42%   |
| 90 Day T-Bill                        |              |        |         | 1.16%   | 0.38%   |              |        |         | 1.03%   |              |        |         | 0.92%        |              |         |        | 0.83%  | 4.00%     | 2.15%      | 2.37%   | 2.25%   |
| TOTAL FIRE & TORNADO FUND            | 24,579,589   | 100.0% | 100.0%  | -0.76%  | 0.08%   | 25,499,293   | 100.0% | 100.0%  | 2.41%   | 25,493,204   | 100.0% | 100.0%  | 1.40%        | 25,769,597   | 100.0%  | 100.0% | 2.16%  | 5.27%     | 6.66%      | 7.29%   | 5.27%   |
| POLICY TARGET BENCHMARK              |              |        |         | -0.62%  | 0.29%   |              |        |         | 2.29%   |              |        |         | 1.48%        |              |         |        | 1.78%  | 4.99%     | 6.74%      | 6.57%   | 5.05%   |

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.